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C O N F I D E N T I A L SECTION 01 OF 03 ANKARA 002912

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SUBJECT: TURKS REPORT SUCCESSFUL JA'AFARI VISIT

REF: ANKARA 2548

Classified By: A/DCM James R. Moore for reasons 1.4 (b) and (d).

Summary

1. (C) ITG PM Ja'afari made a successful May 19-21 visit to Turkey, according to a senior MFA official. Turkey offered to double its electricity exports to Iraq right away, and to increase these exports seven-fold in the next half a year. The Iraqi Finance Minister proposed an unorthodox procedure which might move along Turkish-Iraqi discussions on a second border gate. Under this proposal, Iraqi customs officials would perhaps collect duties on the Turkish side of the border. The Turks seem interested, but skeptical that KDP leader Barzani would agree to such an arrangement. Ja'afari reportedly told the Turks he would order the ITG to allow Turkey to re-open its consulate in Mosul immediately. The Iraqi PM seemed to offer the right message but few specifics on key Turkish issues such as PKK and the future of Kirkuk. End summary.

Turkey Pleased with PM Ja'afari's First Foreign Trip

2. (C) A/DCM called on MFA Director General for the Middle East Oguz Celikkol on May 23 for a readout of the May 19-21 visit to Ankara of Iraq's Transitional Prime Minister Ibrahim Ja'afari. Celikkol said that Turkey was naturally very pleased that Turkey was Ja'afari's first foreign trip as Prime Minister; Ja'afari repeatedly pointed out Turkey's importance in his three press appearances here. Ja'afari twice met privately with PM Erdogan in addition to their larger group meeting. The Prime Ministers also attended Friday prayers together. Ja'afari brought six ministers with him (all from the economic and trade areas) who also met with their Turkish counterparts. Celikkol reported that the tone of the visit was "very friendly" and positive.

3. (C) The Prime Ministers discussed a number of ideas to foster economic cooperation, including opening a second border gate, increasing Turkey's electricity exports to Iraq, commercial flights to Istanbul, cooperation on transboundary water and the interest of Turkish companies in oil production projects in Iraq, but left the details to their ministers to work out.

Second Gate: Iraqis Make an Unusual Proposal

4. (C) Erdogan emphasized the importance to Turkey of a second border gate, and Ja'afari responded that "we understand and agree." However, contrary to press reports, the two did not discuss the location of a second gate. Celikkol said that the Iraqi Finance Minister made a proposal that would "make the second gate much easier." ITG Finance Minister Allawi reportedly proposed that the Iraqi government would take over collecting import duties at the border and might even make the collection on the Turkish side of the border and deposit the funds in a Turkish bank. When Turkish officials asked whether KDP leader Masoud Barzani would object to the loss of this income source, the Iraqis responded that they would persuade Barzani. Without offering further details, Celikkol said the Iraqis seemed confident that they would convince Barzani to agree to the proposal.

Turkey to Step Up Electricity Exports to Iraq

5. (C) In a meeting with Turkish Minister of Energy and Natural Resources Guler, the Iraqi Ministers of Electricity, Oil and Water focused on Turkey's offer to double electricity exports to Iraq--from the current level of 170 MW to 330-350 MW. Guler also pledged to further increase electricity supplies to 1,200 MW in the next 6-7 months. Celikkol noted that the increase to 350 MW could be accomplished right away with no extra cost for transmission lines or other infrastructure. And Guler promised to overcome Turkish regulatory problems that have plagued the current export scheme. Guler told the Iraqi ministers that Turkey has plenty of excess capacity to increase exports to Iraq and said that the increase to 1,200 MW would require investments in infrastructure on both sides of the border that could be completed in 6-7 months. Celikkol reported that Water Minister Rashid explained Iraq's water needs but that there

was little further discussion of cooperation on the Tigris and Euphrates water resources. Guler raised the interest of Turkish oil companies in oil exploration and production projects in Iraq.

Direct Flights, Business Cooperation

16. (C) In other meetings, the GOT noted its recent approval of Iraq's request to begin commercial (Air Iraq) flights to Istanbul. Celikkol noted that Turkish Airlines had objected to the unilateral concession, but they were told that the decision was important politically and outweighed the airline's commercial interests. The two sides agreed to support a meeting of Turkish and Iraqi business groups in Istanbul in September, and the Iraqis urged Turkish officials to begin disbursing their \$50 million pledge for Iraqi Reconstruction.

Ja'afari Okays Mosul Consulate

17. (C) Celikkol reported that the political (and consular) discussions were productive. According to Celikkol, Ja'afari told the Turks that upon his return to Baghdad he would order the ITG to allow Turkey to re-open its consulate in Mosul as soon as possible, something Turkey had been seeking for some time. (NOTE: It appeared from a recent discussion between the Turkish and Iraqi fonmins that this issue was progressing well, but the Turks at that time (early May) told us that the security situation in Mosul meant they were not ready to set up shop in Mosul immediately anyway (see reftel). END NOTE.)

18. (C) While Turkey is not ready to offer Iraqis visas at the Habur Gate land border, the GOT has agreed to provide visas to Iraqis who land at Istanbul's airport. Since Turkey has given permission for Iraq Air to fly Baghdad-Istanbul flights (see para. 6), this would be a convenience for Iraqis visiting Iraq. Additionally, once Turkey re-opens its Mosul consulate, Iraqis will also be able to get their visas there. Celikkol noted that Turks wanting to travel to Iraq can only get their visas from the Iraqi embassy in Ankara; Iraq does not offer visas at the land border nor at BIAP.

PKK, Sunni Outreach, and Kirkuk

19. (C) Ja'afari told his hosts that Iraq will cooperate with Turkey regarding the PKK, and that Iraq does not want to be a haven for terrorists to attack Turkey. Both publicly and privately, Ja'afari distanced himself from recent public comments attributed to FonMin Zebari in which he reportedly accused Turkey of being among Iraq's neighbors from which terrorists infiltrate into Iraq. Ja'afari even admitted that in terms of the PKK, the situation is the reverse.

110. (C) Ja'afari reportedly told the Turks that he is working to incorporate the Sunni Arabs as much as possible into the political process. Ja'afari said that he will head a 7-8 member ministerial group to assist the ITA's 55-member commission in drafting the Iraqi constitution. Celikkol said that Turkey offered its expertise to assist with the constitutional process; Ja'afari said Iraq would accept this offer, but only at the expert level.

111. (C) Celikkol reported that PM Ja'afari gave PM Erdogan and the press very similar messages on Kirkuk: It is both an ethnically-diverse city and an Iraqi city. But Celikkol reported that Ja'afari did not provide his thinking on how to proceed with dealing with this issue, though he may have in his one-on-one meetings with Erdogan.

Comment: Economic Issues Stand Out

112. (C) Both the Turks and, it appears, the Iraqis were determined to make this a successful visit. If the two sides strongly disagreed on anything, the Turks did not reveal it to us. Ja'afari's visit did seem to emphasize economic deliverables; there seem to have been few specifics on larger political issues such as Kirkuk and the PKK. If the Turks are prepared to almost immediately double their electricity exports to Iraq and then increase them seven-fold in the next six months or so, this is a significant development. The Iraqis' unusual proposal to deal with customs duties at Habur Gate is, to say the least, unorthodox. Celikkol seemed somewhat skeptical that ITG Finance Minister Allawi would be able to get Barzani to accept this proposal. We defer to Embassy Baghdad on that point.

113. (U) Iraq posts minimize considered.
EDELMAN